

IN THE CLAIMS:

Below are the claims pending in the application, including current amendments as indicated:

1. (Previously presented) An electronic funds transfer system comprising:
 - a) a central controller CPU in electronic communication over the Internet with system users and participating banks, said central controller CPU accessible by one or more system users engaged in a funds transfer transaction, the CPU programmed to process the on-line transaction, record and maintain an accounting of the transactions, communicate the transaction information to participating banks and system users, monitor on-line electronic funds transfers and to function as an information conduit for processing the funds transfer transaction between system users accounts at participating banks, said CPU not functioning as a trusted agent,
 - b) means at each of buyers and sellers participating bank, said means in communication with the central controller CPU, for buyers and sellers of goods or services to establish their individual electronic funds accounts linked to demand deposit accounts in said participating banks, wherein a single defined electronic representation of currency is established for use in all transactions in the system, said electronic representation of currency being purchased by said buyers from demand deposit accounts in said participating banks and deposited in said buyer's electronic funds account at buyer's participating bank, said electronic representations of currency having an original monetary value tied to a selected actual currency for use within the entire electronic funds transfer system,
 - c) a transaction processor module associated with said central controller CPU for processing interactive letters of credit and establishing and releasing encumbrances on electronic funds deposited in buyer's electronic funds account at buyer's participating bank as financial transactions are entered into and consummated, said transaction

processor module acting on instructions from a first system user to pay identified obligations to another user of said electronic funds transfer system, and

d) a central controller storage module associated with the central controller CPU capable of storing information regarding all electronic on-line transactions between the buyers, sellers and the participating banks,

said central controller CPU being programmed to, on a selected periodic basis, automatically balance electronic funds with their corresponding bank reserves throughout the system and issue reports of the status of such transactions, wherein the buyer in each transaction has control over the specification of electronic funds to be encumbered, the funds once encumbered being restricted from access by the buyer, with the exception of release to the seller in return for delivery of goods or services, unless released back to buyer by seller.

2. (Previously presented) The electronic funds transfer system of claim 1 further including a new account module in communication with the central controller CPU, said new account module accessible by system users over the Internet, for qualifying new users and recording initial electronic representations of currency deposited in accounts at said participating bank.

3. (Previously presented) The electronic funds transfer system of claim 1 further including voice or video communications between system users and the central controller CPU.

4. (Original) The electronic funds transfer system of claim 3 further including electronic and person assisted dispute resolution and customer support services.

5. (Original) The electronic funds transfer system of claim 1 further including encryption, de-encryption and re-encrypting capabilities for recording and storing transaction records in a secure data storage facility, data stored for each transaction being accessible only by the participants of the transaction and an authorized operator of the electronic funds transfer system.

6. (Previously presented) The electronic funds transfer system of claim 1 wherein the system is accessible by a buyer and seller communicating therewith over the Internet using the central controller CPU as an intermediary, the central controller CPU providing information services, a data link between users, a record of financial transactions, funds encumbering, encumbrances

and un-encumbrancing and to reconcile funds transfers on completion of a transaction to the satisfaction of the buyer and seller.

7. (Previously Presented) The electronic funds transfer system of claim 1 wherein electronic funds encumbered by a first buyer for the benefit of a first seller can be re-encumbered by said first seller for the benefit of one or more third parties to which said first seller owes a financial obligation, such that when the transaction between the first buyer and the first seller is completed and the encumbrance by the first buyer on first buyer funds is released, the released funds are automatically transferred, pursuant to instructions of first seller, to such one or more third parties in accordance with instructions by such first seller electronically preestablished within the system.

8-14 (Canceled)

15. (New) An electronic funds transfer system comprising:

- a) a central controller CPU in electronic communication over the Internet with system users and participating banks, said central controller CPU accessible by one or more system users engaged in a funds transfer transaction, the CPU programmed to process the on-line transaction, record and maintain an accounting of the transactions, communicate the transaction information to participating banks and system users, monitor on-line electronic funds transfers and to function as an information conduit for processing the funds transfer transaction between system users accounts at participating banks, said CPU functioning solely as an administrator of the system,
- b) means at each of buyers and sellers participating bank, said means in communication with the central controller CPU, for buyers and sellers of goods or services to establish their individual electronic funds accounts linked to demand deposit accounts in said participating banks, wherein a single defined electronic representation of currency is established for use in all transactions in the system, said electronic representation of currency being purchased by said buyers from demand deposit accounts in said participating banks and deposited in said buyer's electronic funds

account at buyer's participating bank, said electronic representations of currency having an original monetary value tied to a selected actual currency for use within the entire electronic funds transfer system,

- c) a transaction processor module associated with said central controller CPU for processing interactive letters of credit and establishing and releasing encumbrances on electronic funds deposited in buyer's electronics funds account at buyer's participating bank as financial transactions are entered into and consummated, said transaction processor module acting on instructions from a first system user to pay identified obligations to another user of said electronic funds transfer system, and
- d) a central controller storage module associated with the central controller CPU capable of storing information regarding all electronic on-line transactions between the buyers, sellers and the participating banks,

said central controller CPU being programmed to, on a selected periodic basis, automatically balance electronic funds with their corresponding bank reserves throughout the system and issue reports of the status of such transactions, wherein the buyer in each transaction has control over the specification of electronic funds to be encumbered, the funds once encumbered being restricted from access by the buyer, with the exception of release to the seller in return for delivery of goods or services, unless released back to buyer by seller.